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July 25, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
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From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE - PURSUIT OF COUNTY POSITION ON THE FARM BILL AND REAUTHORIZATION OF THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

This memorandum contains a pursuit of County position on the "farm bill," which historically has been the legislative vehicle for reauthorizing the Supplemental Nutrition Assistance Program, formerly called Food Stamps.

Background and Status

The Supplemental Nutrition Assistance Program (SNAP), called CalFresh in California, helps low-income persons purchase food using electronic benefit transfer cards. Over 1.1 million low-income individuals in Los Angeles County received SNAP benefits, totaling $180 million in April 2013. The County's Department of Public Social Services (DPSS) administers SNAP under State supervision. The program is an open-ended entitlement for which Federal spending automatically increases to fund the entire cost of food assistance provided to recipients and to match state SNAP administrative costs on a dollar-per-dollar basis. Unlike other open-ended entitlements, such as Medicaid, which are permanently authorized, SNAP historically has been authorized for five-year periods through a "farm bill," which authorizes all United States Department of Agriculture (USDA) programs. The most recently enacted 2008 farm bill expired last year, but the 112th Congress extended USDA programs, including SNAP, through September 30, 2013 after it was unable to enact a farm bill last year.

On June 10, 2013, the Senate passed, 66 to 27, its farm bill (S. 954), which reauthorizes USDA programs, including SNAP, for five years through Federal Fiscal Year (FFY) 2018. On June 20, 2013, the House rejected, 195 to 234, H.R. 1947, a farm bill which would have reauthorized SNAP for five years. All but 24 Democrats voted against the bill, mainly in opposition to its SNAP cuts while 62 Republicans voted against the bill mainly because they supported deeper spending cuts, including SNAP, and greater reforms of farm subsidies. The Senate-passed bill would reduce SNAP spending by an estimated $3.9 billion while H.R. 1947 would have cut SNAP spending by an estimated $20.5 billion.

On July 11, 2013, the House passed, 216 to 208, another farm bill (H.R. 2642), which did not include a nutrition title reauthorizing SNAP. No Democrats voted for the bill's passage because it would not reauthorize SNAP. While the House bill lacks any nutrition provisions, the Senate moved to request a conference committee on the farm bill last week. A conference committee has not yet been convened, but Senate and House Agriculture Committees, which have jurisdiction over SNAP and other USDA programs, have begun informal discussions on the farm bill. House Agriculture Committee Chairman Frank Lucas (R-OK) has indicated that the absence of SNAP reauthorization in the House-passed bill does not preclude it from being included in a final conference report, and does not mean that SNAP will be terminated. The House Republican leadership also is considering whether to pass a nutrition bill with SNAP reauthorization provisions before going to conference committee with the Senate.

Congressional Democrats and the President strongly support the reauthorization of SNAP through the farm bill. In any event, all USDA programs, including SNAP, must be reauthorized before their current sunset date of September 30, 2013. While it is certain that Congress will enact legislation to reauthorize USDA programs by that date, it would not be surprising if another short-term extension was enacted.

Pursuit of County Position

The County's Washington, D.C. advocates will support the reauthorization of SNAP for five years through the farm bill or other legislation, unless otherwise instructed by the Board, based on existing policies in the County's Federal Legislative Agenda supporting the continued authorization of SNAP.

Additionally, the County will pursue positions on the following reauthorization issues:

SNAP Eligibility

The main SNAP reauthorization (and farm bill) issue of County interest involves how much Federal SNAP spending would be reduced with the Republican-controlled House supporting far deeper cuts than the Senate. Most notably, H.R. 1947, as approved by the House Agriculture Committee, would cut SNAP by an estimated $11.5 billion over 10 years by restricting broad-based categorical eligibility while the Senate farm bill would not cut SNAP eligibility. Broad-based categorical eligibility is a state option to allow a SNAP applicant who receives cash assistance under Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or general assistance or who has an income below 200% of the Federal poverty level (FPL), and receives a TANF-funded benefit to receive SNAP benefits. H.R. 1947 would limit categorical eligibility to TANF, SSI, and general assistance recipients who receive cash assistance, which has the effect of limiting eligibility to individuals whose incomes and assets are otherwise low enough to qualify for SNAP.

Eliminating categorical eligibility for TANF recipients who do not receive cash assistance, will increase administrative costs because their eligibility separately must be determined using SNAP eligibility rules. This would cause many low-income individuals to lose SNAP benefits due to the low SNAP asset limit of $2,000, which has not been adjusted for inflation in more than 25 years. California is one of the 43 states, which currently use some form of broad-based categorical eligibility.

The County will oppose restrictions in SNAP eligibility, such as language to eliminate the use of broad-based categorical eligibility, unless otherwise instructed by the Board, based on existing policies in the Federal Agenda opposing proposals which would decrease the number of indigent County residents who are eligible to receive federally-funded assistance. Opposition to eliminating the state option to use broad-based categorical eligibility also is consistent with existing policies in the Federal Agenda to support maintaining current state options under human services programs and the simplification of SNAP administration.

<u>SNAP Benefits</u>

Under current law, a Low Income Home Energy Assistance Program (LIHEAP) payment of any amount can be used to trigger a standard utility allowance (SUA) that is deducted from a household's income in calculating its SNAP benefits in lieu of requiring actual utility costs to be documented. In effect, this simplifies the determination and administration of SNAP benefits, and also increases a household's SNAP benefit unless it already qualifies for the maximum SNAP benefit. A number of states, including California, also have implemented an optional "heat and eat" policy through which a very small LIHEAP payment is made to increase households' SNAP benefits. H.R. 1947 would reduce SNAP expenditures and benefits by an estimated $8.7 billion over 10 years by requiring a LIHEAP payment of at least $20 a year to entitle a household to a SUA while the Senate bill would save an estimated $4.1 billion by requiring a LIHEAP payment of at least $10 a year. Both versions would reduce SNAP benefits in California where a far smaller LIHEAP payment of 10 cents a year is provided to SNAP recipients.

The County will oppose proposals to restrict the use of the current state option for counting LIHEAP payments as a standard utility allowance in calculating SNAP benefits, unless otherwise instructed by the Board, based on existing policies in the Federal Agenda to support maintaining current state options under human services programs and the simplification of SNAP administration.

Quality Control Error Threshold

H.R. 1947, but not S. 954, would reduce the threshold for a quality control (QC) error from $50 to $25. A lower threshold, in effect, would increase QC error rates unless more administrative resources were invested to minimize relatively small errors. It would be especially difficult and costly to reduce errors resulting from client reporting errors given the complexity of current SNAP income and asset tests. The elimination of the current state options to use broad-based categorical eligibility and LIHEAP payments as a SUA in calculating SNAP benefits also will increase the risk of relatively small dollar errors occurring. In California, under State law, the liability for Federal QC fiscal penalties is passed through to counties. Therefore, lowering the QC error threshold increases the County's risk of being subject to fiscal penalties.

The County will oppose a reduction in the threshold for a quality control penalty, unless otherwise instructed by the Board, based on the existing policy in the Federal Agenda to support more reasonable quality control error rate targets in the SNAP QC system.

We will continue to keep you advised.

WTF:RA
MR:MT:ma

c: All Department Heads
Legislative Strategist